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United States Department of State

Washington, D.C. 20520

Dear Mr. Stockman:

In accordance with established procedure, there is transmitted herewith a proposed report on S. 1143, a bill "to condition United States assistance to any country which is a major producer of opium, coca, or marijuana on reductions by that country in the levels of such production, and for other purposes".

Please inform the Department whether there is any objection to the submission of this report.

With cordial regards,

Sincerely,

Powell A. Moore
Assistant Secretary
for Legislative and
Intergovernmental Affairs

Enclosure:

Six copies of
Proposed Report.

The Honorable
David A. Stockman, Director,
Office of Management and Budget.



United States Department of State

Washington, D.C. 20520

Dear Mr. Chairman:

The Committee on Foreign Relations has asked the Secretary for comments on S. 1143, a bill "to condition United States assistance to any country which is a major producer of opium, coca, or marijuana on reductions by that country in the levels of such production, and for other purposes."

While we share the bill's goal of reducing production of illicit narcotics, the Department must oppose S. 1143. Implementation of this bill would undermine current efforts to achieve international control of illicit narcotics production and distribution and could create numerous other problems. We note that earlier this year the Committee considered other legislation which would have also required automatic suspensions of assistance and imposed other sanctions, and rejected such proposals; instead, the Committee approved an amendment strengthening existing laws concerning Presidential determinations on assistance to narcotics producing countries and the Department's analysis of cooperation by such countries.

1. S. 1143 would suspend U.S. assistance of any kind (except for food, medicine and narcotics control) (Sec. 2a) and would direct U.S. representatives to multilateral development banks to oppose loans or extensions of loans to any country (Sec. 3) unless the amount of opium, coca or marijuana produced in that country during the preceding fiscal year was at least 20 percent less than the amount produced during the next preceding fiscal year. The bill provides that, for countries wherein reduction from year to year is more than 20 percent, the United States should give serious consideration to increasing assistance to that country; or, the overage may be credited to the following year (Sec. 2b).

There is sufficient authority in statute. Sec. 481 of the Foreign Assistance Act directs the President to suspend assistance to any country which the President determines has failed to take adequate steps to prevent illicit narcotics produced or trafficked through such countries from entering the United States. And there is authority in the Inter-American Development Bank Act (Sec. 22) and International Development Association Bank Act (Sec. 13) requiring the Secretary of the Treasury

The Honorable
Charles H. Percy, III,
Chairman,
Committee on Foreign Relations,
United States Senate.

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to instruct U.S. representatives to vote against loans, etc., for any such country when the President determines that such country has failed to take adequate steps on narcotics control.

S. 1143 imposes the single criterion of narcotics control as the determining factor in decisions on economic and military assistance, and on the position of the United States in the deliberations of international financial institutions. This one-dimensional approach was also rejected in previous legislation considered by the Committee.

The bill assumes that decreases in production are caused by government actions, and that increases in production are a result of government failures to act. Much of the decline in Pakistani opium production from 800 tons in 1979 to an estimated 50-75 tons in 1982 can be attributed to drought and decreased planting due to low opium prices. Similarly, drought reduced production in the Golden Triangle from 400-500 tons to 160-180 tons in 1979, but it has rebounded to 600-610 tons in 1981 and 1982.

Had this bill been law in 1980, a report on which aid distributions would be based would have given Pakistan a carry-forward credit of 675 metric tons. Countries in the Golden Triangle would similarly enjoy credits. Credit would be given, not for governmental actions (which the bill does not recognize in any event), but because the country suffered a drought.

S. 1143 could be counterproductive to our current efforts in several countries, by forcing cancellation of development assistance or other support we are providing in addition to narcotics-related assistance. Bolivia is just now evolving an action plan that has potential for ultimate reduction in coca production; this bill could cut-off the development assistance that makes this plan viable. Peru would be another example.

2. The bill defines a major producer (Sec. 5) as a country which produces 20 metric tons or more of opium, or 15,000 or more hectares of coca or marijuana during a fiscal year, exclusive of opium or coca produced for pharmaceutical purposes (the bill ignores other licit production).

The bill applies an arbitrary standard in its attempts to define major producers and to set a performance measure. There are several problems with the use of such standards and measures. Such standards do not take into account the differing capabilities of the various governments to undertake narcotics control; e.g., central governments in Pakistan and Burma do not yet have effective control over key growing regions. Moreover, production measured in tonnage or hectares can change sharply from year to year, independent of government actions.

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For instance, while supporting documents have singled out Colombia as one of the focal points of this legislation, the bill may not even apply to Colombia because Colombian marijuana cultivation may be below the 15,000 hectare standard which this bill would establish for marijuana cultivation, and is well below the 15,000 hectare standard for coca cultivation.

3. The bill requires the Director of Central Intelligence to submit a report to the Congress and to the Secretary of the Treasury, not later than March 15 of each year, on the actual amounts of opium, coca and marijuana production in major producing countries for the preceding fiscal year and the estimate for the current year (Sec. 4).

The narcotics intelligence community (INM, DEA, CIA and others) does not have the capability to assess actual amounts of narcotic drugs produced -- in metric tons or in hectares. Current reporting systems permit estimates about narcotics production, with varying precision by drug and by country.

Sec. 481 already requires an annual report from the Department on February 1, providing Congress a status report on narcotics control, and the Committee has approved an amendment which broadens that reporting requirement in terms of prior and future year activities. In this context, the bill is redundant.

In sum, we believe this bill imposes crop control as the sole criterion for determining whether economic and military assistance is continued or terminated, notwithstanding other important foreign policy considerations; it requires a termination of assistance based upon data which is not available and cannot be provided; the standard of performance may not bear any relationship to government narcotics control actions; and it interferes with the conduct of narcotics control initiatives.

The Office of Management and Budget advises that from the standpoint of the Administration's program, there is no objection to the submission of this report.

Sincerely,

Powell A. Moore
Assistant Secretary
for Legislative and
Intergovernmental Affairs

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